

Legislative Fiscal Bureau

Fiscal Note

SF 97 – DOT Omnibus (LSB 2183 SV.1)

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Fiscal Note Version – SF 97 as Amended and Passed by the Senate

Description

Senate File 97, as amended and passed by the Senate, provides several transportation-related policy changes to the Department of Transportation (DOT), including but not limited to, the following:

- Eliminates the requirement for the Department to regulate junkyards along primary highways.
- Eliminates the requirement for the Department to regulate the placement of political signs on private property.
- Eliminates the State Aviation Hangar Revolving Loan Fund.
- Allows the DOT to waive or refund fees for a renewal or duplicate license or identification card under certain circumstances.
- Increases the annual fee for driver's licenses by \$1.00. The increase would be in effect from July 1, 2003, to June 30, 2008. On July 1, 2008, the fees would revert to the current level. The DOT will use the additional fees for costs associated with the rewrite of the driver's license issuance and records system. The rewrite is necessary to include new rules and regulations implemented by the Iowa Legislature and Congress. Moneys in excess of the amount needed to fund the system rewrite will be deposited into the Road Use Tax Fund.
- Requires the DOT to be consistent with federal law when establishing rules for motor carrier safety.
- Amends regulations relating to transporting agricultural hazardous materials.
- Requires urban public transit systems to utilize private-sector operators, if practicable, in the planning of transit services.

Assumptions

1. In 2002, the Federal Highway Administration formally notified states that they could stop regulating junkyards along primary highways. In 2002, the Iowa Department of Motor Vehicle received approximately 50 Authorized Vehicle Recycler applications. Such applications are required for used vehicle parts dealers or vehicle salvagers, and have the potential for creating junkyards. Most of the 50 sites were not along primary highways, and therefore, fell under local jurisdiction. The cost savings to the DOT for not regulating junkyards along primary highway is not expected to be significant due to local control of the majority of junkyards.
2. In 1998, the Attorney General's Office ruled that the placement of political signs on private property would not be enforced by the DOT. The Department has not enforced the placement of political signs since then, except in circumstances when a sign obstructs an intersection or interferes with traffic signs or devices.
3. The Aviation Hangar Revolving Loan Fund was created in FY 2001 and was appropriated \$500,000. In FY 2002, \$360,000 was deappropriated to off-set the General Fund balance. The remaining Loan Fund balance of \$140,000 was loaned out and will be paid back in installments of \$14,000 over ten years at 3.0% interest.
4. The Department would waive or refund driver's license or identification card fees if the license or card has not been issued in a timely manner or the applicant was required to return to the driver's license station due to an error on the license or card issued. The

proposed refund would be for licenses issued by the Department only, not by the counties. The refund amount is not expected to be significant.

5. Driver's license fees would increase by \$1.00 annually for the following driver's licenses: Noncommercial, Noncommercial Chauffeur, Commercial, Juvenile, and Miscellaneous, in addition to Duplicate, Substitute, and Voluntary Replacement licenses.
6. The Iowa DOT issues both two-year and five-year licenses. The majority, however, are five-year, as persons aged 18 through 69 are issued five-year licenses. Those limited to a two-year license are persons with a medical condition or persons under age 18 and over 70.
7. The temporary fee increase would not be charged to persons for more than five years of license validity.
8. The number of licenses issued in one year for each license type is:
 - a. Noncommercial Chauffeur and Commercial (two-year license): 3,392
 - b. Noncommercial Chauffeur and Commercial (five-year license): 78,069
 - c. Noncommercial (two-year license): 132,877
 - d. Noncommercial (five-year license): 564,768
 - e. Juvenile and Miscellaneous (two-year license): 36,328
 - f. Duplicate, Substitute, and Voluntary Replacement (per license): 185,864
9. Some drivers are issued more than one license annually.
10. Under the proposed law, license fees would increase as follows:
 - a. Noncommercial Chauffeur and Commercial (two-year license): \$2.00
 - b. Noncommercial Chauffeur and Commercial (five-year license): \$5.00
 - c. Noncommercial (two-year license): \$2.00
 - d. Noncommercial (five-year license): \$5.00
 - e. Juvenile and Miscellaneous (two-year license): \$1.00
 - f. Duplicate, Substitute, and Voluntary Replacement (per license): \$1.00
11. One-time costs associated with rewriting the driver's license issuance and records system are estimated to be \$9.0 million. The \$9.0 million is currently contracted out. Maintaining the system will cost approximately \$500,000 annually.
12. Staff time for driver's license issuance will not be affected.

Fiscal Impact

The estimated fiscal impact of SF 97 is as follows:

General Aviation Vertical Infrastructure Program Fund

The fund will receive annual payments of \$14,000 in loan repayments over a ten-year period. The total amount of the loans is \$140,000. A 3.0% interest rate will be applied to the amount loaned. The total amount, including interest, to be repaid and deposited in the fund over the ten-year period is \$156,000.

Driver's License Fees

The estimated fiscal impact of SF 97, as amended by the Senate, is an increase in revenue of \$3.7 million to the Road Use Tax Fund each year from July 1, 2003, to June 30, 2008. Total revenues are estimated to be \$18.5 million over the five-year period. The revenues will be used for costs associated with the software rewrite of the driver's license issuance and records system. The one-time cost of upgrading the software is estimated to be \$9.0 million. In addition to the \$9.0 million, approximately \$500,000 will be needed each year to maintain the system. The \$500,000 will be taken from the Motor Vehicle Division's base budget. That amount is currently built into the budget.

Driver's License System Upgrade
Road Use Tax Fund
(Dollars in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Total</u>
<u>Temporary Revenues</u>						
Increased License Fees	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ 18.5
<u>Expenditures*</u>						
System Upgrade	\$ 4.5	\$ 4.5	\$ 0.0	\$ 0.0	\$ 0.0	\$ 9.0
Net Fiscal Impact	<u>\$ -0.8</u>	<u>\$ -0.8</u>	<u>\$ 3.7</u>	<u>\$ 3.7</u>	<u>\$ 3.7</u>	<u>\$ 9.5</u>

* Expenditures do not include annual system maintenance of \$500,000. That amount will be taken from the Motor Vehicle Division's base budget each year.

Moneys in excess of the amount needed to fund the system rewrite (estimated to be \$9.5 million) will be deposited into the Road Use Tax Fund.

If the DOT does not receive \$9.0 million for the system rewrite, the Department will utilize \$500,000 per year from the Motor Vehicle Division's base budget. Annual maintenance costs, including salaries, of approximately \$500,000 will be taken from the Motor Vehicle Division's base budget once the rewrite is completed.

Junkyard Regulation

The provisions of SF 97 relating to the regulation of junkyards will not have a significant fiscal impact on the DOT.

Political Signs

The provisions of SF 97 relating to political signs on private property will not have a significant fiscal impact on the DOT.

Source

Department of Transportation

/s/ Dennis C Prouty

March 5, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
